

# 2014 Budget 100 Workshop Webinar April 22, 2014

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## Budget 100 Workshop

Sponsored by Indiana State Library  
and the Department of Local  
Government Finance

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## Topics to Cover

- Steps:
  - Forecast anticipated revenues and expenditures
  - Analyze data
  - Prepare the budget
  - Present the budget
  - Hold public hearings
  - Adopt the budget

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### Budgeting

- Property Tax
- Types of guidelines for budget development:
  - DLGF budget instructions, the guidelines
  - *Controlled growth* establishes a determined percentage for the total increase in expenditures.
- Local Government Budget Manual
  - Download from the DLGF website
  - [http://www.in.gov/dlgf/files/2013\\_Budget\\_Manual\\_10\\_9\\_2013.pdf](http://www.in.gov/dlgf/files/2013_Budget_Manual_10_9_2013.pdf)

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### Budget

- States service goals in monetary terms
- Informs the governing bodies and taxpayers
- Library Budget Estimate
  - Ledger completed through June of current year
    - Make sure appropriation balance columns completed
  - Or copy of treasurer's report

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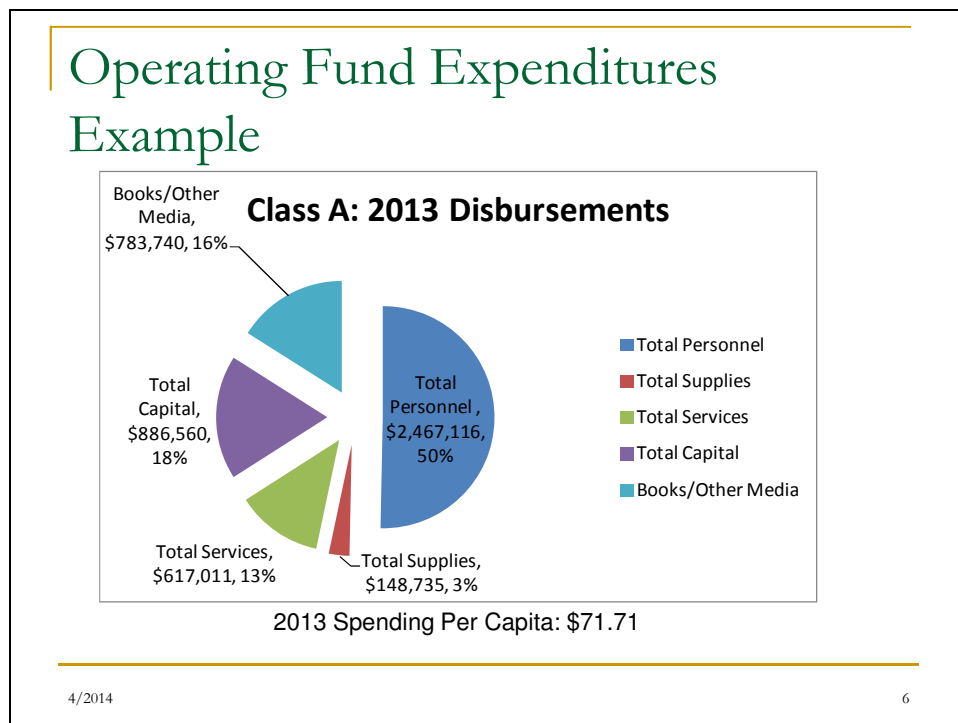
### Library Budget

- Personnel: 60% to 70%
- Materials: 15% to 20%
  - A library expending at least seven and five-tenths percent (7.5%) of its operating fund expenditures for library collections shall meet basic standards for collection expenditures.
- Supplies: 10% to 25%

(Based on a sampling)

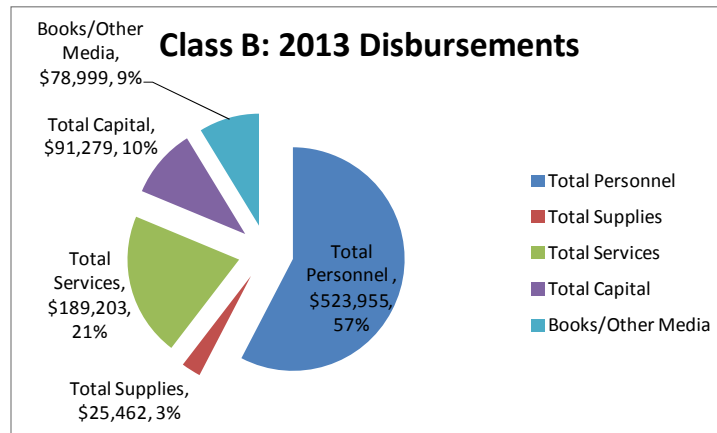
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### Operating Fund Expenditures Example



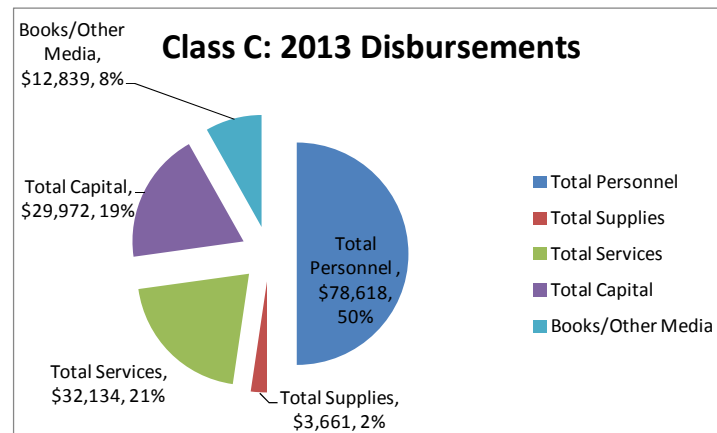
2013 Spending Per Capita: \$45.30

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### Operating Fund Expenditures Example



2013 Spending Per Capita: \$39.02

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### Materials Budget Shift in 2014 National Figures from Library Journal

- Materials budget rose on average 2% in 2013
- Print book spending has fallen 7% in decade
  - 59% of materials budget now
- Budget Breakdown
  - Last year's material budgets, averaging \$783,000 and ranging from \$22,000 for populations under 10,000 to 6.3 million for those serving populations 1 million or more

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### LJ Materials Survey for 2013

**TABLE 1 MATERIALS BUDGET BREAKDOWN**

Average findings based on population served, 2013

Materials	TOTAL	UNDER 10,000	10,000– 24,999	25,000– 49,999	50,000– 99,999	100,000– 249,999	250,000– 499,999	500,000+
	%	%	%	%	%	%	%	%
Books	59	73	63	60	51	57	51	51
Ebooks	7	3	7	5	8	8	10	9
Audiobooks/downloadable	8	9	7	8	8	8	6	6
DVD/Blu-ray	12	9	13	14	13	12	10	13
DVD/downloadable movies	0.6	0.4	0	0.3	0.8	0.5	1.8	1.5
Music CDs/downloadable	3	0.4	2	2	4	4	5	4
Other electronic products	7	2	4	6	11	8	9	11
Other	4	3	4	5	4	3	8	4

SOURCE: LJ MATERIALS SURVEY 2014

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### Evergreen Indiana Membership Fee

- Annual membership fee divided into 9 tiers based on total operating fund expenditure (roughly 0.5%).
- Tier assigned based on an evaluated 5 year average of reported expenditure or total of most recently reported fiscal year
- Billed no later than April 1
- Notices released Spring 2015 for payment in 2016

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### How much for Evergreen?

Tier	Rate	Tier Step	Maximum Annual Expenditure Average
1	\$ 0	---	\$ 50,000
2	\$ 500	\$ 500	\$ 100,000
3	\$1,000	\$ 500	\$ 200,000
4	\$1,500	\$ 500	\$ 300,000
5	\$2,500	\$1,000	\$ 500,000
6	\$3,500	\$1,000	\$ 750,000
7	\$5,000	\$1,500	\$1,000,000
8	\$6,500	\$1,500	\$1,500,000
9	\$8,000	\$1,500	>\$1,500,000

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### Line Item Budgeting

- Does not tie costs to services
- Vulnerable when county says to cut a particular item
- Depending on the review, travel, training and equipment may be categories for reductions
- When you present your budget review include supplement facts, statistical data and other budget tools

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### Funds Accounting

- Fund: A fund is a segregation of resources established to control and monitor resources and to help ensure and demonstrate compliance with legal/administrative requirements.
- Examples:
  - Operating
  - Rainy Day
  - LIRF
  - State Technology Grant

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### Forecasting: External factors

- Local unemployment
- Business growth or recession
- Impact of Property Tax Caps 2013
  - <http://www.in.gov/dlgf/9168.htm>
  - Pay 2014 (1782 Notice)
- Tax losses
- Hoosier Data at [www.hoosierdata.in.gov](http://www.hoosierdata.in.gov)

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### Personnel Services

- Library Board Determines Salary Increase
  - Count pay periods for the year
  - Minimum Wage change on the horizon
- Employee Benefits
  - Social Security withholding required by state and federal law
  - Other benefits optional
    - ACA impact
- Unemployment
  - Quarterly Report (UC1 and UC5) to Department of Workforce Development
    - ~~UC-1 (Quarterly Contribution Report)~~
    - UC-5 (Quarterly Wage Report)

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### Analyze Treasurer's Report

- Exceed 50% mark of budget on any categories
  - May want to increase some areas
  - Where can you decrease
- Review insurance coverage each year
  - Larger deductible
  - Bond bookkeeper, business manager and treasure

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### Cash Flow

- Surplus
- Break even
- Digging financial deficit hole

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### Cash Flow

2013 Monthly balanced cash flow (SAMPLE)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Receipts:											
Property Tax					\$ 5,321	\$ 292,931					
Circuit Breaker Tax Credits											
Property Tax shortfall (3%)											
Auto Excise, CVET, FIT					1,352	20,238					
Local Option Income Tax (CAGIT/CAGIT											
PTIRC/COTI)	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731	15,731
Other Misc. Revenues	1,587	2,510	1,842	1,532	2,641	1,621	2,000	2,000	2,000	2,000	2,000
Total Receipts	17,318	18,241	17,573	17,263	25,045	330,520	17,731	17,731	17,730.62	17,731	17,731
Disbursements:											
Personal Services	43,656	41,235	42,035	41,065	62,587	40,837	42,000	42,000	42,000	63,000	42,000
Supplies	1,432	1,211	1,096	1,362	853	1,058	1,300	1,300	1,300	1,300	1,300
Other Services and Charges	10,653	9,253	14,320	7,135	10,243	8,634	10,500	10,500	10,500	10,500	10,500
Capital Outlays	7,206	3,207	5,316	4,216	8,651	7,468	5,300	5,300	5,300	5,300	5,300
Total Disbursements	62,947	54,906	62,767	53,778	82,334	57,997	59,100	59,100	59,100	80,100	59,100
Net Cash Flow	(45,629)	(36,665)	(45,194)	(36,515)	(57,289)	272,523	(41,369)	(41,369)	(41,369)	(62,369)	(41,369)
Beginning Cash	365,210	319,581	282,916	237,721	201,206	143,916	416,439	375,070	333,700	292,331	229,962
Estimated Ending Cash	\$ 319,581	\$ 282,916	\$ 237,721	\$ 201,206	\$ 143,916	\$ 416,439	\$ 375,070	\$ 333,700	\$ 292,331	\$ 229,962	\$ 188,592
Transfer to Rainy Day											
Cash Reserve Percentage (15% is good, 50% is best)											Beginning bala

### Growth of the Library Budget

- Average Growth Quotient
  - Available in June 2014 for 2015 budget
- Summary of Previous AVGQ
  - 2014 2.6%
  - 2013 2.8%
  - 2012 2.9%
  - 2011 2.9%
  - 2010 3.8%

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Prescribed by the Department of Local Government Finance

**CURRENT YEAR FINANCIAL WORKSHEET**  
(Formerly Line 2 Worksheet)

**Selected Year:** 2014  
**Selected County:** 95 - Gateway1 County  
**Selected Unit:** 0001 - DLGF City 9  
**Selected Fund:** 0101 - GENERAL

Line 2	
<b>APPROPRIATIONS</b>	
1. Current Year Approved Budget	\$0
2. Encumbrances Brought Forward	\$0
3. Changes to Appropriations:	
a) Additional Appropriations (January to June)	\$0
b) Reductions January through June	\$0
4. Other Non-Appropriated Obligations	\$0
5. Total Approved Appropriations	\$0
<b>DISBURSEMENTS</b>	
6. January through June Current Year Disbursements	\$0
7. Appropriation Balance	\$0
8. Reductions July through December	\$0
9. Estimated Current Year Expenditures July through December	\$0
<b>Line 3</b>	
10. Proposed/Approved Additional Appropriations for July through Dec. of Current Year	\$0
<b>Line 4A</b>	
11. Levy excess not transferred prior to June 30	\$0
12. Temporary Loans outstanding as of June 30	\$0
What fund loaned the cash on Line 12:	
13. Temporary loans not included in Lines 2 or 3	\$0
<b>Line 4B</b>	
14. Temp loans to be repaid in the first six months of ensuing year	\$0
What fund loaned the cash on Line 14:	
<b>Line 6</b>	
15. June 30 Cash Balance, including investments	\$0
<b>Line 7</b>	
16. Taxes to be collected, present year (December settlement)	

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### Form 1: Library Budget Estimate

This form is to be completed and submitted through the Indiana Gateway for Government Units at <https://gateway.ifionline.org/login.aspx>.

Prescribed by the Department of Local Government Finance  
Approved by the State Board of Accounts

Budget Form No. 1 (Rev. 2011)

#### BUDGET ESTIMATE FOR

Selected Year: \_\_\_\_\_  
Selected County: \_\_\_\_\_  
Selected Unit: \_\_\_\_\_  
Selected Fund: \_\_\_\_\_  
Selected Department: \_\_\_\_\_

#### 1. Personal Services

##### Salaries and Wages

Line Item Code	Description	Published Amount	Adopted Amount

##### Employee Benefits

Line Item Code	Description	Published Amount	Adopted Amount

##### Other Personal Services

Line Item Code	Description	Published Amount	Adopted Amount

##### Personal Services Totals

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Form 1: Library Budget Estimate

- Prepare an estimate for each fund
  - Operating Fund
  - Rainy Day Fund
  - LIRF Fund
  - Debt Fund
  - LCPF
- Completing Form 1 in Gateway
  - [http://in.gov/dlgf/files/Completing\\_the\\_Form\\_1.pdf](http://in.gov/dlgf/files/Completing_the_Form_1.pdf)

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Transfer to LIRF

- Always include some money in transfer to LIRF line item
  - Do not have to actually make transfer if money needed to pay operating costs
- If LIRF is needed next year, complete a set of budget forms
  - If not done, then you will have to do additional appropriation paperwork and requires more time

## Form 2 Miscellaneous Revenues

This form is to be completed and submitted through the Indiana Gateway for Government Units at <https://gateway.ifonline.org/login.aspx>.

Prescribed by the Department of Local Government Finance  
Approved by the State Board of Accounts

Budget Form No. 2 (Rev. 2011)

### ESTIMATE OF MISCELLANEOUS REVENUES

Selected Year: \_\_\_\_\_  
Selected County: \_\_\_\_\_  
Selected Unit: \_\_\_\_\_  
Selected Fund: \_\_\_\_\_

TAXES AND INTERGOVERNMENTAL REVENUE			
Revenue Code	Description	July 1 to Dec 31, 20xx	Jan 1 to Dec 31, 20xx

Other Taxes Totals

LICENSES AND PERMITS			
Revenue Code	Description	July 1 to Dec 31, 20xx	Jan 1 to Dec 31, 20xx

Licenses and Permits Totals

CHARGES FOR SERVICES			
Revenue Code	Description	July 1 to Dec 31, 20xx	Jan 1 to Dec 31, 20xx

Charges for Services Totals

FINES AND FORFEITURES			
Revenue Code	Description	July 1 to Dec 31, 20xx	Jan 1 to Dec 31, 20xx

Fines and Forfeitures Totals

### LIRF transfer

- Revenue Code R5207

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## Form 4B: 16 line Statement

This form is to be completed and submitted through the Indiana Gateway for Government Units at <https://gateway.inonline.org/login.aspx>.

Prescribed by the Department of Local Government Finance  
Approved by the State Board of Accounts

Budget Form No. 4b (Rev. 2013)

### BUDGET ESTIMATE - FINANCIAL STATEMENT - PROPOSED TAX RATE

Selected Year: \_\_\_\_\_  
Selected County: \_\_\_\_\_  
Selected Unit: \_\_\_\_\_  
Selected Fund: \_\_\_\_\_

Net Assessed Value			
Funds Required For Expenses To December 31st Of Incoming Year	Published Amount	Adopted Amount	
1. Total budget estimate for incoming year			
2. Necessary expenditures, July 1 to December 31 of present year, to be made from appropriations unexpended			
3. Additional appropriation necessary to be made July 1 to December 31 of present year			
4. Outstanding temporary loans: a). To be paid not included in lines 2 or 3			
b). Not repaid by December 31 of present year			
5. TOTAL FUNDS required (add lines 1,2,3,4a and 4b)			
Funds On Hand To Be Received From Sources Other Than Proposed Tax Levy		Published Amount	Adopted Amount
6. Actual cash balance, June 30 of present year (including cash investments)			
7. Taxes to be collected, present year (December settlement)			
8. Miscellaneous revenue to be received July 1 of present year to December 31 of incoming year (schedule on FRF): a). Total Column A Budget Form 2			
b). Total Column B Budget Form 2			
9. TOTAL FUNDS (Add lines 6, 7, 8a and 8b)			
10. Net amount to be raised for expenses to December 31 of incoming year (deduct line 9 from 5)			
Proposed Tax Levy and Tax Rate		Published Amount	Adopted Amount
11. Operating balance (not in excess of expense January 1 to June 30, less miscellaneous revenue for same period)			
12. Amount to be raised by tax levy (add lines 10 and 11)			
13a. Property Tax Replacement Credit from Local Option Tax			
13b. Operating LDT			
14. NET AMOUNT TO BE RAISED BY TAX LEVY (deduct line 13a and 13b from line 12)			
15. Levy Excess Fund applied to current budget			
16. Net amount to be raised			
17. Net Tax Rate on each one hundred dollars of taxable property			

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
PIN: \_\_\_\_\_  
Date: \_\_\_\_\_





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### Form 3: Proposed Budget and Levy for Budget

- Set date for hearing and work backwards
- Notification Section: notice to taxpayers
- Budget Estimates and Tax Levies
- Publication first time 10 days before hearing
  - Second time is 3 days prior to hearing and 7 days before second publication

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### Budget Calendar

- Available in May from DLGF website  
Memos & Presentations
  - 2013 - 2014 Budget Calendar  
[Budget] - May 10, 2013
  - Check for 2014 – 2015 in May

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## Form 4 Resolution of Appropriations

This form is to be completed and submitted through the Indiana Gateway for Government Units at <https://gateway.lfionline.org/login.aspx>. A copy of the form with original signatures is to be submitted separately.

Prescribed by the Department of Local Government Finance  
Approved by the State Board of Accounts

Budget Form No. 4 (Rev. 2011)

### ORDINANCE OR RESOLUTION FOR APPROPRIATIONS AND TAX RATE

Be it ordained by the \_\_\_\_\_ (Adopting Unit Name), \_\_\_\_\_ (County Name), Indiana that for the expenses of \_\_\_\_\_ (Unit Name) for the year ending December 31, 20xx the sum of \_\_\_\_\_ (Sum of Appropriation for all funds) as shown on Budget Form 4-A are hereby appropriated and ordered set apart out of the funds herein named and for the purposes herein specified, subject to the laws governing the same. Such sums herein appropriated shall be held to include all expenditures authorized to be made during the year, unless otherwise expressly stipulated and provided for by law. In addition, for the purposes of raising revenue to meet the necessary expense of \_\_\_\_\_ (Unit Name), a total property tax levy of \_\_\_\_\_ (Sum of Property Tax Levy for all funds) and a total tax rate of \_\_\_\_\_ (Sum of Property Tax Rate for all funds), are adopted as shown on Budget Form 4-B and included herein. Budget Form 4-A and 4-B for all funds and departments are incorporated by the signing of this form and must be completed and submitted in the manner prescribed by the Department of Local Government Finance.

This ordinance shall be in full force and effect from and after its passage and approval by the taxing unit's fiscal body, \_\_\_\_\_ (Adopting Unit Name).

Name of Adopting Entity

Select Type of Fiscal Body

Date of Adoption

Name	Signature
<input type="text"/>	Aye <input type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>
<input type="text"/>	Aye <input type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>
<input type="text"/>	Aye <input type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>
<input type="text"/>	Aye <input type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>

(Note: Additional names to be added as needed)

ATTEST		
Name	Title	Signature
<input type="text"/>	<input type="text"/>	<input type="text"/>

MAYOR ACTION (For City use only)		
Name	Signature	Date
<input type="text"/>	Approve <input type="checkbox"/> Veto <input type="checkbox"/>	<input type="text"/>

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### Overview of Budget Process

- Current Year Financial Worksheet (Line 2) through Gateway
- Estimates appropriations required (Form 1)
- Estimates of Revenue (Form 2)
- Form 4B (16 line Statement)
- Form 3 Notice To Taxpayers of Budget Estimates and Tax Rates (1<sup>st</sup> advertise September X, 20xx; 2<sup>nd</sup> advertise September X, 20xx)
- Form 4 Resolution of Appropriations; Adoption of the Budget by Library Board on November 1, 20xx

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### County Council Budget Review Form

- The Department of Local Government Finance has developed forms to assist units in posting their proposed budgets and levies and to assist county councils in reviewing the proposed budgets and levies. The County Council Budget Review Form is to be used by civil taxing units required to file their budgets pursuant to IC 6-1.1-17-3.5.

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[illegible]

### Other Training Materials from DLGF

- <http://www.in.gov/dlgf/9105.htm>
- Gateway Budgets Video Tutorials
- How to Use the Gateway Budgets Application in 2013
- Budget Training
- Receipt Code Crosswalk

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### Additional Resources

- [http://www.imls.gov/assets/1/AssetManager/PLS\\_FY2010\\_SP\\_Indiana.pdf](http://www.imls.gov/assets/1/AssetManager/PLS_FY2010_SP_Indiana.pdf)
- <http://www.ala.org/advocacy/advleg/advocacyuniversity/budgetpresentation>
- Library Operating Expenditures: a selected annotated bibliography
  - <http://www.ala.org/tools/libfactsheets/alalibraryfactsheet04>

## 2014 Budget 100 Workshop Webinar April 22, 2014

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### Dates for 2014 Annual Public Library Budget Workshop

- Tuesday, June 17<sup>th</sup>
- Wednesday, June 25<sup>th</sup>
- Only need to attend or participate in one event

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### Contacts:

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■ 800/451-6028	■ (317) 232-0651
■ 317/232-1938	

**Link to DLGF Field Representative Map:**  
[http://www.in.gov/dlgf/files/Field\\_Rep\\_Map\\_-\\_Budget.pdf](http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf)

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